

**CARLSBAD TOURISM BUSINESS IMPROVEMENT DISTRICT  
(CTBID) BOARD**

***MINUTES***

**May 7, 2008**

**3:15 p.m.**

**1635 Faraday Avenue, Room 173A  
Carlsbad, CA**

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***I. CALL TO ORDER:***

**3:17 p.m.**

Chair April Shute called the meeting to order at 11:04 a.m.

***II. ROLL CALL:***

The Chair took roll call and five Directors were present. Director Howard-Jones was absent. Mr. Paul Edmonson served as General Counsel for Mr. Ron Ball.

***III. (C) APPROVE MINUTES OF MARCH 18, 2008 MEETING***

Mr. Cima made a motion, seconded by Mr. Canepa, to approve the minutes of the March 18, 2008 meeting. Motion carried.

***IV. STAFF REPORT***

1) Financial Report

Mrs. Gerhardt presented a staff report to update the Board members on financial activity that has transpired since the previous meeting. (The PowerPoint slide presentation is attached to these minutes.) Assessment revenue collected by the hotels in March and remitted to the City in April was \$74,861. This higher amount reflects CTBID tax paid by the new properties that recently opened. Occupancy rate was 62%. Comparing last year to this year, revenue was 7% higher than the prior year that is partly due to the new properties.

Mrs. Gerhardt reported that actual revenues as of April 30, 2008 were \$687,868. Total expenditures were \$557,952.

Financial Highlights include:

- ♦ CTBID Revenue last 12 months = \$777,000
- ♦ March 2008 CTBID revenue 13% increase over March 2007
- ♦ 373 new rooms added since January 2008 (12% increase)
- ♦ Average occupancy rate is 65% for hotels
- ♦ Average timeshare CTBID revenue is \$3,400 per month
- ♦ Current year contingency = \$70,000

- ♦ Unbudgeted reserves = \$261,000
- ♦ Total number of hotel rooms = 3,514

2) TOT form

Mrs. Gerhardt provided a follow-up report from the last meeting where it was mentioned that in the past the TOT form had a space whereby tax exempt occupancy dollars could be listed. Mrs. Gerhardt was told that there was never a space on the form. Some hotels choose to show it, however. They do currently have a place on the form to show available rooms for the month that can be used to calculate occupancy but it is not consistently completed by all the hotels. When the hotels submit their forms, they might include exempt rooms that are still available but not paid for. There is no simple way to get the information, and if everyone does not submit it, we cannot accurately calculate occupancy for the city.

3) Grant Program

Mrs. Gerhardt reported that Lynn Flanagan from In Motion requested a grant application. All applications are due to the City office by 5:00 p.m. on June 2, 2008. Grant applications can be reviewed by the Board in June/July 2008 and grant recipients may be announced in July 2008.

**V. AB05-08-28 ADOPT 2008-09 ANNUAL REPORT AND BUDGET**

Mrs. Gerhardt stated that Mr. Stripe and Mr. Canepa served on the budget subcommittee and prepared the budget for the Board members to review and approve today.

Mr. Cima made a motion, seconded by Mr. Becerra, to adopt Resolution #2008-3 recommending approval of the 2008-09 CTBID Annual Report and Budget.

Mrs. Gerhardt informed the Board that the CTBID Budget will be presented for approval to the City Council at its June 24, 2008 meeting.

**VI. AB05-08-29 EXTEND AGREEMENTS WITH CARLSBAD CONVENTION AND VISITORS BUREAU AND SAN DIEGO NORTH CONVENTION AND VISITORS BUREAU**

A lengthy discussion was held regarding whether or not to renew the Bureau contracts for an entire year or for a shorter period of time. Mr. Cima explained that once the final report is presented by Reint Reinders and Associates, the Board may wish to pursue a different direction. Mr. Edmonson explained that the current agreement extension can be approved as written or modified by staff to reflect direction from the Board as to additional terms and alternative options. Then each of the Bureaus can decide whether or not they wish to accept the

proposed amendment to their respective agreement. If they do not accept the proposed amendment, their respective agreement would terminate on its own accord.

Mr. Canepa stated he does not wish to presume anything from the Reint Reinders and Associates report and suggested extending each of the Bureaus current agreement for another year. Chair Shute and Mr. Becerra concurred with Mr. Canepa's comments.

Mr. Stripe made a motion, seconded by Mr. Cima, to adopt Resolution #2004-4 extending the agreements with CCVB and SDNCVB effective July 1, 2008 through June 30, 2009.

## **VII. DISCUSSION ITEMS**

1) Update by Reint Reinders and Associates regarding progress of stakeholder interviews and findings to date.

A) Mr. Reint Reinders updated the Board members on the work that was done by Mr. Reinders and Mr. Brudney in the month of April. They met with the CTBID Board members. He thanked everyone for their time. They have reviewed previous Carlsbad materials relative to marketing, visioning, and branding plans.

Over twenty-five confidential one-on-one interviews have been conducted with other hoteliers and other community people including GIA, the Carlsbad Chamber of Commerce and Legoland.

Extensive research has begun on what other people are doing in similar cities in California, i.e. their TOT and how they spend it, and involvement with the local city government, what part of their budget is identified for tourism, and whether or not they have a BID.

Conversations have been held with the Travel Industry of America and Destination Marketing International. They shared information regarding what they have done and what makes a convention and visitors bureau a powerful organization. Mr. Reinders stated the market is changing on how business is conducted.

B) In the month of May and into June many more individual and group interviews will be conducted, including meetings with the Mayor and City Council members and key City officials. They will also speak with The Wright Group and Destination Analysts who conducted the positioning study last year.

Mr. Reinders and Mr. Brudney meet weekly to discuss the activities for the current week and form their opinions and recommendations. The people they have met with are very passionate about Carlsbad.

C) Mr. Reinders shared highlights of what they have learned to date:

- ♦ There is mixed stakeholder feedback on the value received from the two Bureaus; they were ranked from 1 to 5 and the ratings were all over the board.
- ♦ There is strong support for the CCVB west of I-5 along the coast.
- ♦ There is more support of SDNCVB from the larger properties who have group business.
- ♦ More money is needed to promote Carlsbad for whatever organization or organizations are engaged to promote tourism. Results must be detailed and return on investment is expected.
- ♦ Need strong competitive 21<sup>st</sup> Century organization that drives the brand of Carlsbad and is based in Carlsbad.
- ♦ They are looking forward to talking to the City officials who can be of great assistance in outlining that tourism is an important part of the budget each year, and that it can continue to grow and be a very important part of what is good for the citizens and visitors.
- ♦ Recommend a SWOT test of Carlsbad be created to analyze the quality of dining, shopping and entertainment.
- ♦ The visitor element is an important piece and makes a huge impact.
- ♦ Leverage the wonderful attractions already here, i.e. Legoland. Mr. Reinders wishes to assist Carlsbad in getting a higher leverage of visibility as a brand. Everyone needs to be a proponent to take Carlsbad to the next level.

### **VIII. NEXT MEETING**

The next regular meeting was scheduled for Tuesday, August 26, from 3:00 p.m. to 5:00 p.m. at 1635 Faraday Avenue, Room 173A.

Agenda items to include:

1. Reint Reinders & Associates Final Report
2. Review and choose Grant application(s) award recipients

### **PUBLIC COMMENT**

Mr. Kurt Burkhart, Executive Director of the Carlsbad Convention and Visitors Bureau, thanked the Board members for extending the agreement for another year. He stated that an invitation is in the mail to celebrate National Tourism Week on Wednesday, May 14, from 5:00-7:00 p.m. at West Inn & Suites. Hors d'oeuvres and champagne will be served poolside for your enjoyment. The new Visitors Guide was recently mailed and production increased from 50,000 two

years ago to 75,000 last year and now to 80,000 this year. Advertising increased to fifty-five advertisers. He thanked the Board members for their support.

**ADJOURNMENT**

Mr. Stripe made a motion, seconded by Mr. Becerra, to adjourn the meeting. Chair Shute adjourned the meeting at 4:04 p.m.

Respectfully submitted,

Sheryl Keller  
Recording Secretary

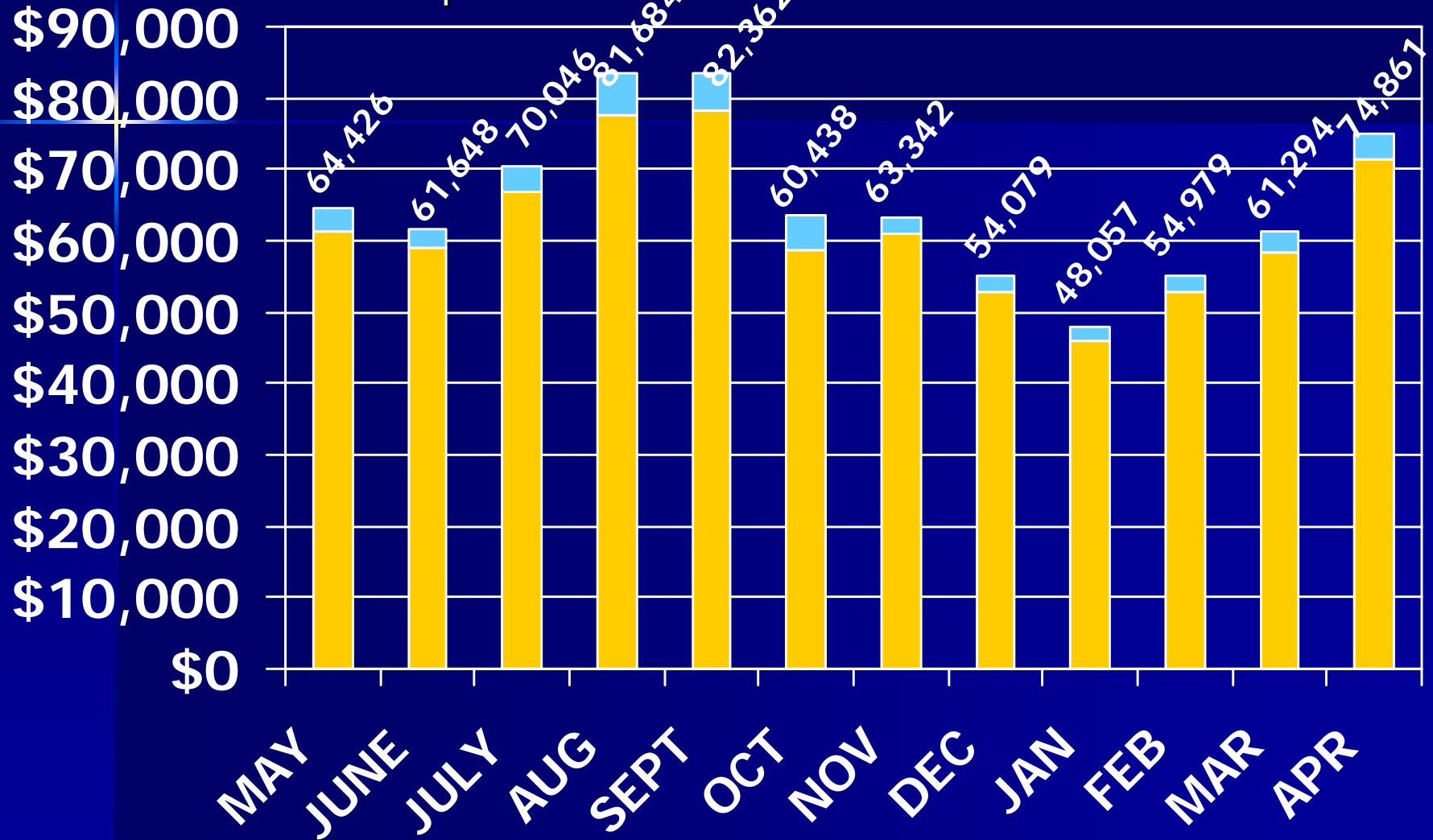
# Carlsbad Tourism Business Improvement District

## **Financial Update**

Prepared by: Cheryl Gerhardt  
May 7, 2008

# CTBID Assessment Revenue

12 month period

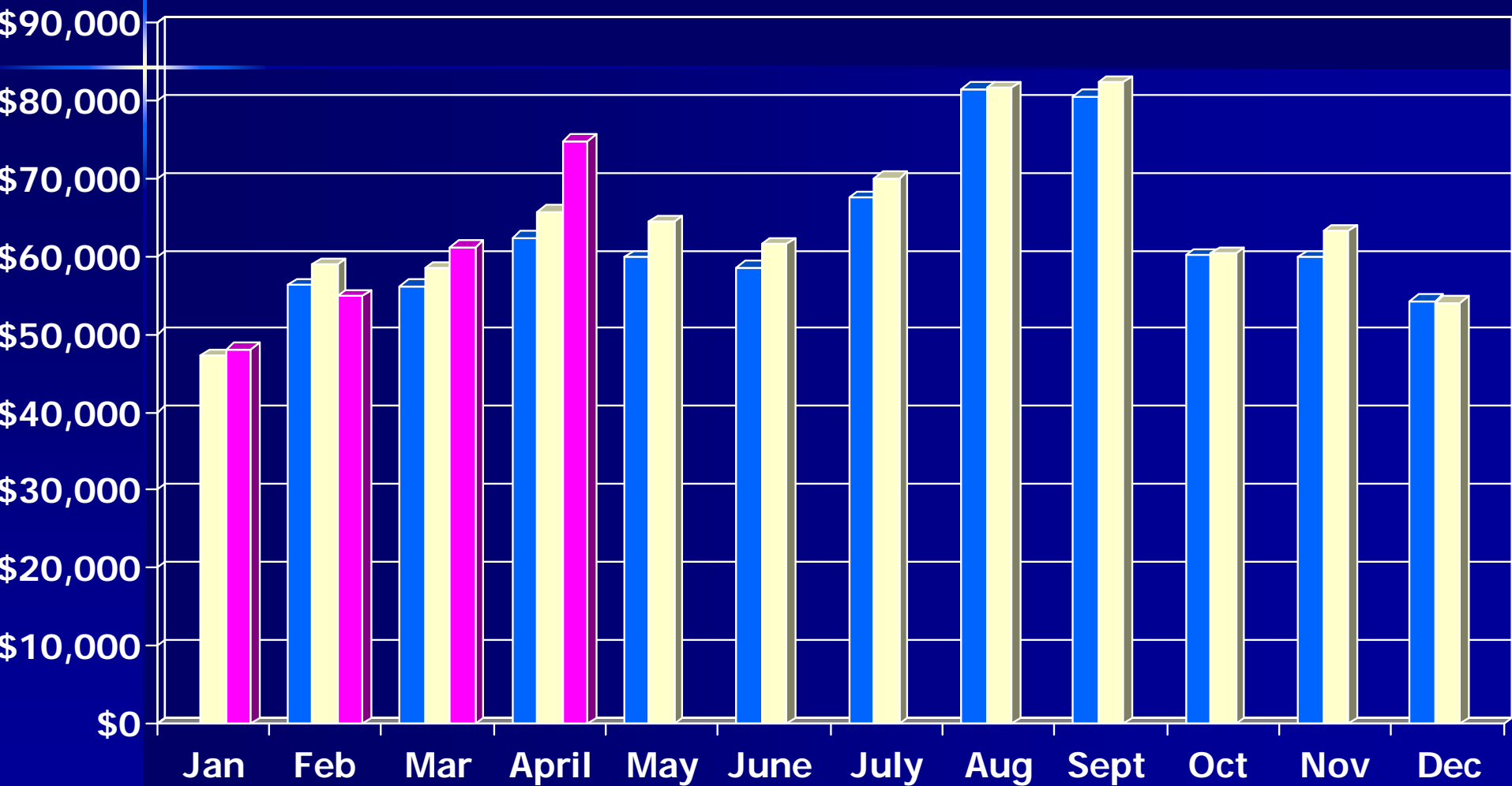


Month revenue remitted

Hotel Timeshare

Ave occupancy rate 62%

# CTBID Assessment Revenue



■ 2006 ■ 2007 ■ 2008

Month revenue remitted

Ave occupancy rate 62%



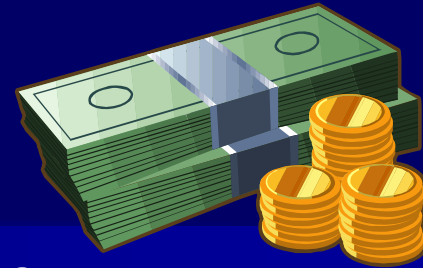
# 2007-08 Budget to Actual

	Program Areas	Budget	Actual 30-Apr-08	Difference
	<u>Revenues:</u>			
	CTBID Assessment	775,000	675,759	99,241
	Interest Earnings	5,000	12,108	(7,108)
	Total Estimated Revenues	780,000	687,868	92,133
	<u>Expenditures:</u>			
	2% Administrative Fee - City	15,500	11,653	3,847
	CCVB Contract	448,800	374,000	74,800
	SDNCVB Contract	110,000	91,667	18,333
	Staff support	15,000	9,714	5,286
	Positioning Study	61,000	58,518	2,482
	RR&A Marketing Study	80,000	12,400	67,600
	Contingency	70,000	0	70,000
	Total Expenses	800,300	557,952	242,348

# FYTD 2007 vs 2008

Program Areas	Actual 30-Apr-07	Actual 30-Apr-08	\$ Difference	% Difference
<u>Revenues:</u>				
CTBID Assessment	634,629	675,760	41,131	6.5
Interest Earnings	7,526	12,108	4,582	60.9
Total Estimated Revenues	642,154	687,868	45,714	7.1
<u>Expenditures:</u>				
2% Admin. Fee - City	11,122	11,653	532	4.8
CCVB Contract	306,000	374,000	68,000	22.2
SDNCVB Contract	74,999	91,667	16,668	22.2
Staff support	11,246	9,714	(1,532)	(13.6)
Positioning Study	0	58,518	58,518	100
RR&A Marketing Study	0	12,400	12,400	100
Total Expenses	403,367	557,952	154,585	38.0

# Financial Highlights



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- Unbudgeted reserves \$261,000
- Total number of hotel rooms 3,514

# CTBID Grant Program

## Grant Application Timetable\*

- |                  |   |
|------------------|---|
| ■ April 1, 2008  | Grant guidelines available                      |
| ■ June 2, 2008   | Grant applications due to City office by 5 p.m. |
| ■ June/July 2008 | Grant applications reviewed by subcommittee     |
| ■ July 2008      | Grant recipients announced                      |

\*The Board will have another application period midway through the year in December. The due date of the application will be announced at least 2 months prior to its due date.